

From: Marc Matthews (5275)
Sent: Tuesday, May 1, 2018 12:57 PM
To: 'Jonathan M. Chalos'; George A. Gaitas
Cc: Brian Wallace (1204)
Subject: RE: Advantage Arrow: substitute security and custodial costs

Thank you, Jonathan. Your proposal is similarly rejected.

We have provided you with the reasoning and calculation by which we arrived at our proposal, which we believe is fairly supported by the evidence. Can you please do the same? Do you have any authority, aside from the good ethics of your London barrister, for your proposition that Psara is not required to offset against its claimed damages the value of the vessel in its current state?

Best,
-Marc

Marc G. Matthews

Phelps Dunbar LLP
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Houston, TX 77002
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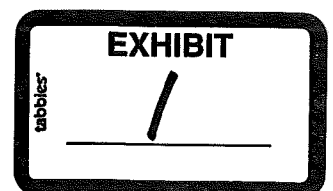
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From: Jonathan M. Chalos [mailto:chalos@gkclaw.com]
Sent: Tuesday, May 1, 2018 12:39 PM
To: Marc Matthews (5275) <Marcus.Matthews@phelps.com>; George A. Gaitas <gaitas@gkclaw.com>
Cc: Brian Wallace (1204) <Brian.Wallace@phelps.com>
Subject: RE: Advantage Arrow: substitute security and custodial costs

Hi Marc -



Referring to your below message with your clients' proposed figures on the amount of security, same is rejected as entirely out of line with any reasonable calculation of the claim. Owners are entitled to put forward the amount of their claim in the arbitration as the best arguable quantum figure they have as to damages. They have done so, and have provided a valuation to support it. Being mindful of Judge Hawthorne's instructions to counsel to try and work out a compromise figure for security, we would propose on behalf of Plaintiff the figure of USD 16,000,000 all inclusive. This proposal is without prejudice to the claim in arbitration, and we reserve the right to put this correspondence before the Court as to the issue of substitute security and all other issues.

Best,
Jonathan

Jonathan M. Chalos



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From: Marc Matthews (5275) [<mailto:Marcus.Matthews@phelps.com>]
Sent: Tuesday, May 01, 2018 9:36 AM
To: Jonathan M. Chalos <chalos@gkclaw.com>; George A. Gaitas <gaitas@gkclaw.com>
Cc: Brian Wallace (1204) <Brian.Wallace@phelps.com>
Subject: RE: Advantage Arrow: substitute security and custodial costs

Jonathan,

The Advantage Defendants will agree to post substitute security in the amount of \$2,424,599.18, calculated as follows:

Claim for recoverable damages: \$1,675,000
Claim for unpaid charter hire: \$510,208.33
Claim for awarded legal costs: \$6,515.00
Claim for interest compounded quarterly for one year: \$32,875.85
Claim for legal fees and costs: \$200,000

Please let me know soonest.

Best,
-Marc

Marc G. Matthews

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From: Jonathan M. Chalos [<mailto:chalos@gkclaw.com>]
Sent: Monday, April 30, 2018 5:58 PM
To: Marc Matthews (5275) <Marcus.Matthews@phelps.com>; George A. Gaitas <gaitas@gkclaw.com>
Cc: Brian Wallace (1204) <Brian.Wallace@phelps.com>
Subject: RE: Advantage Arrow: substitute security and custodial costs

Hi Marc –

Likewise. Further to yours below, what is the exact figure amount you are proposing your clients will post as substitute security? We will need to seek instructions from our clients and revert.

As previously stated, we look forward to receiving the documentation related to the alleged dockage fees. Many thanks.

Best,
Jonathan

Jonathan M. Chalos



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From: Marc Matthews (5275) [<mailto:Marcus.Matthews@phelps.com>]
Sent: Monday, April 30, 2018 5:18 PM
To: George A. Gaitas <gaitas@gkclaw.com>; Jonathan M. Chalos <chalos@gkclaw.com>
Cc: Brian Wallace (1204) <Brian.Wallace@phelps.com>
Subject: Advantage Arrow: substitute security and custodial costs

George and Jonathan,

It was good to see you both (and to meet George's learned son) this afternoon.

Further to the court's instruction for us to attempt to agree on substitute security, the Advantage Group will provide substitute security along the lines of what we detailed in our motion, and because of the reasons laid out in the motion. Please advise if this is acceptable, and we will so advise the court. However, we cannot wait until Friday for an agreement. If we are unable to reach an agreement by close of business tomorrow, we will advise the court of that fact and ask that he not wait further to give us his order regarding a reduction in security.

We also need resolution on the issue of past custodial costs. The return of service notes the vessel was served at the Motiva dock in Port Neches. I think we all know the vessel wasn't going to be allowed to stay at the Motiva berth once she had concluded cargo operations. We are working to gather documentation related to how the vessel ended up at the Port of Port Arthur's dock. In the meantime, please let us know if you know of a cheaper berth the vessel could have gone to once it finished at Motiva, and if you know of a cheaper berth to which it could be sent now. As you know, it is our position that custodial costs, including dockage, are for the account of the attaching party, and it is our desire to minimize those costs. As with the issue of security, if we cannot reach agreement, we need to so advise the court by Wednesday (by which time the costs will have exceeded \$100,000).

As I've advised before, we will hold Psara responsible for any consequential damages incurred if the vessel is detained further.

I look forward to hearing from you.

Best regards,
-Marc

Marc G. Matthews

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